

Presentation to
House Ways and Means
Higher Education, Technical, and Cultural Budget Subcommittee

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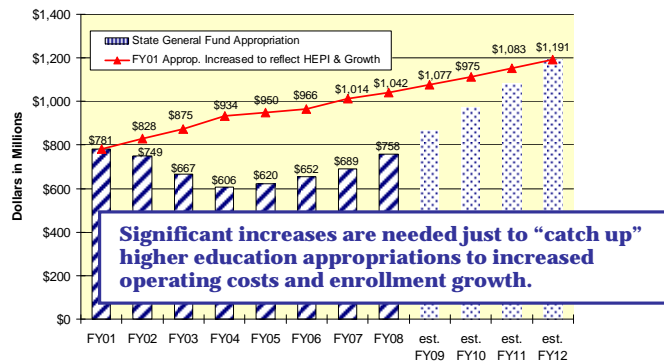
DR. GARRISON WALTERS, EXECUTIVE DIRECTOR

COMMISSION ON HIGHER EDUCATION

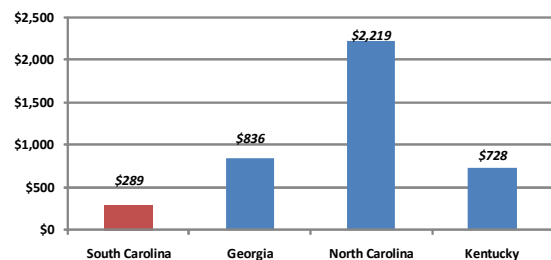
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Reminder of CHE's FY 2008-09 Requests

- **Public Colleges & Universities Core Operating Needs - \$35,622,874 recurring increase**, and also support for Capital Bond Funding for Higher Education – *Lack of state support for facilities hurts quality and drives up tuition*



Average per Student Appropriation for Capital Needs FY1997-FY2006



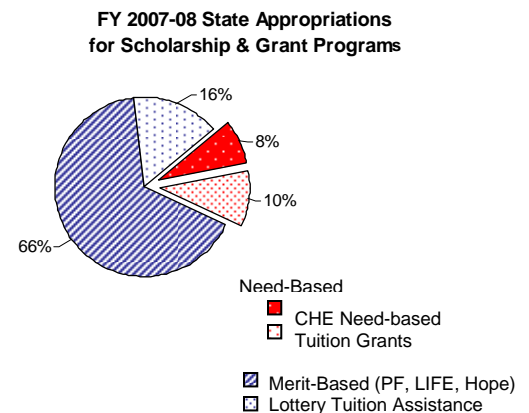
- **Need-Based Grant Program - \$13,277,323 recurring increase**

- Palmetto Fellows, LIFE, Hope, & National Guard – continued full support in general & lottery funds and increase of \$11,000,000 for Lottery Tuition Assistance
- Continued support of all higher education lottery programs. In FY 2007-08, \$216,585,473 for higher education including: scholarship/grant programs, **Centers of Economic Excellence, Technology for 4-yr & 2-yr Public Colleges**, SC State, Higher Education Excellence Enhancement
- Cooperative Programs

PASCAL Statewide Electronic Library - \$2,500,000 recurring

Support for increases or continued funding of **SC LightRail**, University Center of Greenville, Lowcountry Graduate Center, EPSCoR, and SCMEP

- CHE Agency Needs for technology, payment of SREB program costs, SC GEAR UP, and Access & Equity



In our previous presentation and in this one, we've emphasized the critical needs of higher education in both operating support and facilities.

We also recognize that we are facing a difficult budget year and that it will not be possible to accomplish all of our goals.

Looking ahead, however, we want to take a few minutes to emphasize why higher education is so important to the economy and South Carolina's future success . . .

“Support for higher education is the lever by which the government can move the entire economy.”

~ Paul Romer, Professor, Graduate School of Business at Stanford University and Senior Fellow at the Hoover Institution

Higher Education in Today's Economy – SC in the Knowledge Economy

- Not just science and technology, but shift from labor and physical resources to products and services based on knowledge and knowledgeable people.
- The transition is happening in South Carolina now. Over just the past 10 years:
 - ↓ down 25% - Manufacturing
 - ↑ up 28% - Finance & Insurance
 - ↑ up 22% - Professional Services
 - ↑ up 42% - Health Care & Social Assistance
- In the Flat World, we are competing with low-wage earners around the world for low-end jobs in manufacturing and even in services. We have to move up the knowledge scale or see our standard of living fall.
 - Examples of outsourcing and automation: aircraft maintenance, reading x-rays, claims processing, telephone help, even order-taking in drive through windows. What's next? Knowledgeable people can deal with these transitions.
- Some South Carolina indicators
 - Education levels of 25-64 year olds (2000 Census):
 - SC ranks **41st** in the percentage with a Bachelor's degree or higher
 - SC ranks **23rd** in the percentage with an Associate's degree
 - Research and innovation: Sponsored university *research per capita* is **below** the US average (75% below the average) based on recently reported National Science Foundation statistics
 - SC ranks **39th** in total Research & Development expenditures per capita (2005)
 - Overall ranked **38th** in the New Economy Index (2002) that focuses on “17 indicators to measure degree to which state economies were structured and operated according to the tenets of the New Economy.”
- The competition: other states have plans to focus on higher education
 - Need to do more just to catch up to the average
 - Remember that the average is a moving target—States and nations know about the Knowledge Economy and are moving actively to be more competitive

Example

NC transformed its economy by investing in higher education

In 1960, KY's per capita income \$1 higher than NC

1960-2000, NC invested in higher education well above national average; KY support was about average

In 2000, NC's per capita income was about \$2800 more than KY

If KY had followed NC's path, its personal income in 2000 could have been \$11.2 billion higher

KY now is explicitly following NC's success;

Currently, KY has a higher education plan designed to do the same thing as NC did

Summary

- SC has a great foundation to build on –
 - Recent K-12 momentum / Excellent colleges doing outstanding work and ready to increase scale
- SC will have a great Action Plan (4-5 year horizon) to increase competitiveness
 - Clearly defined goals directly connected to benefit SC's economy and quality of life
 - Clear indicators of responsibilities and return on investment